



Bayerische Landesbank

North American Region
New York Branch

INVESTMENT REPURCHASE AGREEMENT

THIS INVESTMENT REPURCHASE AGREEMENT (this "Agreement") is dated as of April 29, 1997 and executed by and among **BAYERISCHE LANDESBANK GIROZENTRALE**, acting through its New York Branch (the "Seller"), **NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION**, as custodian (the "Custodian") and **STATE STREET BANK AND TRUST COMPANY**, as trustee (the "Trustee") under the Resolution, as defined herein.

WITNESSETH:

WHEREAS, the Resolution establishes various trust funds and accounts to be held by the Trustee for the receipt and disbursement of moneys and provides for the investment of such moneys, all as more fully set forth in the Resolution;

WHEREAS, the Issuer desires that the Trustee invest certain moneys held under the Resolution with the Seller at the Investment Rate (as hereinafter defined) and has directed the Trustee to enter into this Agreement;

WHEREAS, the Seller agrees to sell certain Purchased Securities (as hereinafter defined) to the Trustee, and the Trustee agrees to purchase such Purchased Securities with the moneys held by the Trustee under the Resolution in the Fund or Funds (as hereinafter defined), and to become the owner of such Purchased Securities;

WHEREAS, the Custodian is willing to act as custodian of the Securities for the Trustee as provided herein;

WHEREAS, the Seller agrees to repurchase from the Trustee, and the Trustee agrees to sell to the Seller, such Purchased Securities at the times and at the prices set forth in this Agreement; and

WHEREAS, the parties intend that this Agreement constitute a contract for the sale and repurchase of Purchased Securities.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants herein set forth, the Seller, the Custodian and the Trustee hereby agree as follows:

SECTION 1. DEFINITIONS

All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Resolution. As used in this Agreement, the following terms shall have the following meanings:

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New York, N.Y. 10022, USA

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212-310-9800

Telex:
TRT 177130 bayland nyk

Fax:
212-310-9841 (GENERAL)
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Brenner Strasse 20
80333 München
Germany
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"Act of Insolvency" means, with respect to any Person, the commencement by or against any such party as debtor of any case, proceeding or regulatory action under any bankruptcy, insolvency, reorganization, liquidation, dissolution, bank regulatory or similar law or seeking the appointment of a receiver, conservator, trustee, custodian or similar official for such Person or any substantial part of its property, and in the case where commenced against such Person (a) is consented to or not timely contested by such Person, (b) results in the entry of an order for relief, any such appointment or the entry of a decree or order having a similar effect, or (c) is not dismissed within 30 days.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. 101, *et seq.*, as amended.

"Bond Documents" means, collectively, this Agreement, the Resolution, the Bonds or any other agreement or instrument relating to the Bonds or their issuance.

"Bonds" means the Issuer's \$136,740,000 Pool Loan Program Bonds, Series 3 issued pursuant to the Resolution.

"Business Day" means any day except a Saturday, a Sunday or other day on which commercial banks are required or authorized to be closed in New York, New York, Minneapolis, Minnesota (or the city in which the principal office of any successor custodian is located) or The Commonwealth of Massachusetts.

"Closing Date" means April 29, 1997.

"Compounding Dates" means the dates, which are set forth in Exhibit A hereto, on which Earnings on each Fund shall be reinvested in the Float Fund.

"Custodian's Delivery Instructions" means the Custodian's delivery instructions set forth in Exhibit A hereto or such other delivery instructions designated by the Trustee in a written notice to the Seller.

"Custody Account" means the custody account(s) of the Custodian in which the Purchased Securities identified to this Agreement shall be deposited which may include the Custodian's account with the FRB or the PTC, as applicable.

"Earnings" means amounts which accrue on the Invested Moneys as described in Section 4.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to the Seller on such day on such transactions as determined by the Seller.

"Final Repurchase Date" means, with respect to each Fund, the date set forth in Exhibit A.

"FRB" means that Federal Reserve Bank Branch in which the Custodian is a "Member Bank" within the meaning of 31 C.F.R. § 306.115(g).

"Fund(s)" means the funds and accounts identified in Exhibit A hereto comprised of moneys held by the Trustee under the Resolution for use in purchasing the Purchased Securities.

"Income" means all amounts payable on the Purchased Securities, including all principal, interest, dividends or other distributions made with respect thereto.

"Interest Payment" means a payment of interest due to the Trustee pursuant to Section 4.

"Invested Moneys" means, except as otherwise provided herein, an amount equal to the sum of (a) the Purchase Price held by the Seller plus (b) all amounts which have accrued on the Purchase Price held by the Seller at the Investment Rate which have not yet been paid to the Trustee or reinvested in the Float Fund, less the aggregate amount paid by Seller to the Trustee as Repurchase Price for Purchased Securities that have been repurchased from time to time on or prior to the date of determination by the Seller from the Trustee pursuant to the terms hereof.

"Issuer" means the Massachusetts Water Pollution Abatement Trust.

"Investment Rate" means the per annum rate of interest set forth in Exhibit A hereto with respect to each Fund which rate shall be calculated on the basis set forth in Exhibit A hereto.

"Market Value" means, with respect to Purchased Securities as of any date, the price for such Purchased Securities on such date obtained from a generally recognized source reasonably satisfactory to the parties hereto or the most recent closing bid quotation from such a source, plus accrued Income thereon (other than Income paid to the Seller pursuant to Section 4) to the extent not included therein as of such date (unless contrary to market practice for such Purchased Securities).

"Moody's" means Moody's Investors Service and any successor thereto.

"1934 Act" means the Securities Exchange Act of 1934.

"Permitted Investments" means securities of the types referenced in Exhibit B hereto.

"Person" means any natural person, corporation, partnership, association, trust, joint venture, public body or other legal entity.

"PTC" means the Participant Trust Company, a clearing corporation for securities issued by the Government National Mortgage Association.

"Purchase Date" means each date, which shall be a Business Day, on which the Seller sells and the Trustee purchases Purchased Securities. The initial Purchase Date hereunder shall be the Closing Date.

"Purchase Price" means, on any date, the aggregate amount paid by the Trustee to the Seller for the purchase of Purchased Securities.

"Purchased Securities" means those securities, which shall be Permitted Investments, sold by the Seller to the Trustee and transferred by the Seller to the Custodian pursuant to this Agreement and held in the Custody Account from time to time, including any substitutions therefor permitted hereunder.

"Replacement Securities" means securities constituting Permitted Investments that the Seller may purchase under the conditions set forth in Section 11.2(iii).

"Repurchase Date" means any date on which the Seller is obligated hereunder to repurchase Purchased Securities from the Trustee.

"Repurchase Price" means, on any Repurchase Date, the amount designated by the Trustee pursuant to Section 3.1; or as otherwise provided herein, to be paid by the Seller on such date to repurchase Purchased Securities.

"Required Transfer Actions" shall have the meaning assigned in Section 8.2.

"Resolution" shall mean that Water Pollution Abatement Project Bond Resolution, Pool Loan Program, Series 3 adopted by the Issuer on April 10, 1997 (the "Resolution").

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"SEC" means the Securities and Exchange Commission and any successor thereto.

"Security Amount" means an amount equal to (a) the Invested Moneys multiplied by (b) the Security Ratio.

"Security Ratio" means, with respect to each type of security constituting the Permitted Investments, the percentage set forth in Exhibit B hereto.

"Security Value" means, on any date, the Market Value of Purchased Securities identified to this Agreement held by the Custodian in the Custody Account plus the amount of any Income held by the Custodian.

"Seller's Delivery Instructions" means the Seller's delivery instructions set forth in Exhibit A hereto or such other delivery instructions designated by the Seller in a written notice to the Trustee.

"Seller's Wire Instructions" means the Seller's wire transfer instructions set forth in Exhibit A hereto or such other wire transfer instructions designated by the Seller in a written notice to the Trustee.

"SIPA" means the Securities Investor Protection Act of 1970, as amended.

"Substitute Securities" means securities constituting Permitted Investments that the Seller may substitute for any Purchased Securities pursuant to the terms set forth in Section 6.3.

"Termination Date" means, with respect to each Fund, the earlier of (a) the date on which this Agreement terminates in accordance with the terms hereof, (b) the date on which the Seller repurchases all Purchased Securities purchased with the Invested Moneys allocated to such Fund at the applicable

Repurchase Price and, with respect to the Debt Service Reserve Fund and the Float Fund, on which the Seller has received written notice that the Trustee shall purchase no additional Purchased Securities with moneys to be allocated to such Fund pursuant to Section 2.3, or (c) the date specified as the Final Repurchase Date for each Fund in Exhibit A hereto.

"Trustee's Wire Instructions" means the Trustee's wire transfer instructions set forth in Exhibit A hereto or such other wire transfer instructions designated by the Trustee in a written notice to the Seller.

"UCC" means the Uniform Commercial Code as adopted by the State of Minnesota.

SECTION 2. PURCHASES BY THE TRUSTEE

2.1. Purchase and Sale. On each Purchase Date the Seller shall sell Purchased Securities to the Trustee having a Market Value equal to an amount which is not less than the amount of the Purchase Price paid by the Trustee to the Seller on such Purchase Date multiplied by the Security Ratio by delivery of such Purchased Securities to the Custodian, as agent of the Trustee, pursuant to the Custodian's Delivery Instructions against payment of such Purchase Price by the Trustee to the Seller. Upon receipt, the Custodian shall deposit the Purchased Securities into the Custody Account and shall notify the Trustee of such receipt. The Purchased Securities transferred to the Custodian pursuant to this Agreement shall be held on the books and records of the Custodian as agent for and in the name of the Trustee, subject to the terms of this Agreement. The Seller shall allocate the Purchase Price received from the Trustee to the Funds as provided herein.

2.2. Initial Purchase. On the Closing Date the Seller shall sell to the Trustee and deliver to the Custodian, as agent for the Trustee, the Purchased Securities and the Trustee shall pay to the Seller the Purchase Price in the amount of \$54,984,735.70 and in the manner provided in Section 2.1.

2.3. Replenishment.

(a) Following any Repurchase Date on which the Seller repurchases Purchased Securities from the Trustee with the Invested Moneys allocated to the Debt Service Reserve Fund, the Trustee may purchase from the Seller additional securities constituting Permitted Investments, selected by the Seller, upon the Trustee providing two (2) Business Days' prior written notice to the Seller and the Custodian, which notice shall state the Purchase Date (which shall be a Business Day), the Purchase Price to be paid, that such purchase is being made pursuant to this Section 2.3(a) and the source of such Purchase Price. The Seller shall and hereby agrees to sell to the Trustee and transfer to the Custodian, as agent for the Trustee, securities constituting Permitted Investments, selected by the Seller, on such Purchase Date against payment of the Purchase Price as provided in Section 2.1 so long as (a) the Seller has received the notice from the Trustee described above in this Section; (b) such Purchase Date occurs within twenty-four (24) months of the Repurchase Date on which the Seller repurchased Purchased Securities with amounts allocated to the Debt Service Reserve Fund from the Trustee; and (c) the Purchase Price paid for the Permitted Investments purchased by the Trustee pursuant to this Section on such Purchase Date does not exceed the Repurchase Price paid by the Seller on the prior Repurchase Date referenced in clause (b) of this Section. Upon receipt, the Seller shall allocate the Purchase Price paid by the Trustee to purchase Purchased Securities pursuant to this Section to the Debt Service Reserve Fund.

(b) On or after the Closing Date the Trustee may purchase from the Seller additional Securities constituting Permitted Investments, selected by the Seller, upon the Trustee providing two (2) Business Days' prior written notice to the Seller and the Custodian, which notice shall state the applicable Purchase Date (which shall be a Business Day), the Purchase Price to be paid, that such purchase is being made pursuant to this Section 2.3(b) and the source of such Purchase Price. The Seller shall and hereby agrees to sell to the Trustee and transfer to the Custodian, as agent for the Trustee, securities constituting Permitted Investments, selected by the Seller, on such Purchase Date against payment of such Purchase Price as provided in Section 2.1 so long as (i) the Seller has received the notice from the Trustee described above in this Section and (ii) the amount of the Invested Moneys (exclusive of amount accrued but unpaid thereon at the Investment Rate) allocated to the Debt Service Reserve Fund shall at no time exceed \$55,303,135.70. Upon receipt, the Seller shall allocate the Purchase Price paid on such Purchase Date by the Trustee to purchase Purchased Securities pursuant to this Section to the Debt Service Reserve Fund.

SECTION 3. REPURCHASE BY THE SELLER

3.1. Sale and Repurchase.

(a) *Scheduled Repurchases for the Debt Service Reserve Fund.* Upon each of the Scheduled Repurchase Dates set forth in Exhibit E hereto for the Debt Service Reserve Fund, the Seller shall repurchase Purchased Securities having the Repurchase Price specified with respect to such Scheduled Repurchase Date in Exhibit E hereto.

(b) *Repurchases other than on Scheduled Repurchase Dates.* Upon receipt by the Seller of written demand from the Trustee in the form of Exhibit C hereto, the Trustee shall sell, and the Seller shall repurchase, Purchased Securities on the Repurchase Date set forth in such demand (which shall be no earlier than two (2) Business Days in the case of the Project Fund and the Float Fund, and one (1) Business Day in the case of the Debt Service Reserve Fund following the Seller's receipt of such written demand from the Trustee), such Purchased Securities having a Repurchase Price equal to that set forth therein. The Trustee shall provide the Custodian a copy of each demand described in the preceding sentence simultaneously with such demand being given to the Seller.

3.2. *Repurchase Procedure.* On each Repurchase Date the Seller shall pay the Repurchase Price to the Trustee in immediately available funds pursuant to the Trustee's Wire Instructions. Upon receipt of such Repurchase Price by the Trustee, the Trustee shall instruct the Custodian to deliver the Purchased Securities being repurchased to the Seller pursuant to the Seller's Delivery Instructions and the Custodian shall, upon receipt of such instruction, so deliver such Purchased Securities. The Purchased Securities delivered to the Seller on each Repurchase Date shall have a Market Value not less than the Repurchase Price paid on such date to the Trustee by the Seller multiplied by the Security Ratio. The Seller shall designate to the Custodian the Purchased Securities to be repurchased on each Repurchase Date.

3.3. *Final Repurchase Date and Termination.* On the Final Repurchase Date for the Project Fund, the Seller shall transfer the amount of Invested Moneys allocated on such date to the Project Fund, into the Debt Service Reserve Fund. On the Final Repurchase Date for the Debt Service Reserve Fund, the Seller shall repurchase, pursuant to the procedures described in Section 3.2, all of the Purchased Securities purchased with amounts allocated to such Fund for a Repurchase Price equal to the amount of

Invested Moneys held by Seller and allocated to such Fund. On the Termination Date, the Seller shall repurchase, pursuant to the procedures described in Section 3.2, all remaining Purchased Securities held in the Custody Account and any Income held by the Custodian, if any, for a Repurchase Price equal to the amount of the Invested Moneys held by the Seller.

3.4. Limitations on Repurchase. Prior to the Termination Date and except as otherwise provided in this Agreement, the Seller shall have no right or obligation to repurchase Purchased Securities without the written consent of or a demand for repurchase by the Trustee. The Trustee may only request the Seller to repurchase Purchased Securities in order to provide funds to the Trustee for use in connection with purposes permitted under the Resolution, and (a) with regard to repurchases made with Invested Moneys allocated to the Debt Service Reserve Fund on Repurchase Dates which are not Scheduled Repurchase Dates, as necessary to avoid or cure payment default on the Bonds, or any bonds issued on a parity with the Bonds (b) in connection with a partial or complete refunding or redemption of the Bonds, (c) in connection with a partial or complete defeasance of the Bonds, or (d) to the extent necessary to preserve the tax-exempt status of the Bonds. The Trustee may not request the Seller to repurchase Purchased Securities in order to provide amounts for reinvestment purposes. The Trustee may not request the Seller to repurchase Purchased Securities in connection with the delivery of a letter of credit, surety bond or other security instrument in substitution for the cash held in the Debt Service Reserve Fund.

3.5. Election to Terminate. In the event the Trustee elects to terminate this Agreement, which may only be made to the extent permitted hereunder, such election shall be made by the Trustee in writing, in the form of Exhibit C hereto, delivered to the Seller and the Custodian at least two (2) Business Days prior to the requested Termination Date. On the date specified in such notice, the Seller shall repurchase all Purchased Securities as previously described in the second sentence of Section 3.3.

3.6. Repurchase Schedules.

(a) In connection with repurchases with amounts held in the Project Fund, the Trustee shall purchase Purchased Securities from the Seller pursuant to Section 2.3(b) in an amount approximately equal to the Repurchase Price paid by Seller from the Project Fund.

(b) Exhibit E attached hereto is the Fixed Repurchase Schedule showing Repurchase Dates for Purchased Securities to be purchased by the Trustee with amounts allocated to the Debt Service Reserve Fund and the Repurchase Price payable by the Seller on such Repurchase Dates.

3.7. Reimbursement. If at any time during the term of this Agreement the Trustee requests that the Seller repurchase all or any portion of the Purchased Securities (other than those permitted under Section 3.1, 3.3, 3.4, 3.5, 3.6, 11.1 or 23) which causes the Seller to break its deposit(s) or other funding arrangements with other institutions, the Trustee shall, from moneys on deposit in the Funds, promptly reimburse the Seller in an amount equal to the penalties, losses, costs, expenses, damages and other charges as are incurred by the Seller and any profits lost by the Seller as a result of such breaking by the Seller of its deposits(s) or other funding arrangements. A certificate as to the amount of such penalties, losses, costs, expenses, damages or other charges and lost profits submitted by the Seller to the Trustee shall be conclusive absent manifest error as to the amount thereof.

SECTION 4. INTEREST PAYMENTS, PURCHASED SECURITIES' INCOME AND INVESTMENT RATE

4.1. Interest Payments. In lieu of the Trustee or the Custodian retaining any Income from the Purchased Securities, interest payments consisting of simple interest accruing on the daily outstanding balance of the Invested Moneys (the "Earnings") shall accrue on the daily outstanding balance of the Invested Moneys (exclusive of accrued but unpaid Earnings thereon which have not been previously reinvested in the Float Fund) in the Funds at the Investment Rate applicable thereto. Earnings on Invested Moneys in each of the Funds shall be reinvested in the Float Fund on each Compounding Date set forth in Exhibit A hereto, and thereafter shall constitute Invested Moneys in the Float Fund on which Earnings shall accrue.

4.2. Reduction in Investment Rate. The Issuer may reduce the Investment Rate on any or all of the Funds upon the delivery of two (2) Business Days' prior written notice to the Seller. On the date specified in such notice, which shall be at least two (2) Business Days following the Seller's receipt of such notice, the Investment Rate shall be reduced to the Interest Rate set forth in such notice.

SECTION 5. INCOME ON PURCHASED SECURITIES

All Income on the Purchased Securities received by the Trustee or the Custodian shall be paid by such party receiving such Income, on the date received by the Trustee or the Custodian, to the Seller by wire transfer in immediately available funds pursuant to the Seller's Wire Instructions so long as the Security Value, exclusive of the amount of Income to be so paid to the Seller, equals or exceeds the Security Amount as shown on the most recent weekly report delivered by the Custodian pursuant to Section 6.1.

SECTION 6. VALUATION, WITHDRAWALS AND SUBSTITUTION OF PURCHASED SECURITIES

6.1. Valuation. During the term of this Agreement, the Security Value shall equal or exceed the Security Amount. The Market Value of the Purchased Securities held in the Custody Account shall be determined by the Custodian on a weekly basis, and in addition upon any withdrawal or substitution of Purchased Securities in accordance with this Agreement. If upon any such valuation the Custodian determines that the Security Value is less than the Security Amount, the Custodian shall promptly provide written notice of such occurrence to the Seller and the Trustee. The Seller shall transfer to the Custodian within two (2) Business Days of the Seller's receipt of such written notice from the Custodian, additional securities constituting Permitted Investments identified to this Agreement for deposit into the Custody Account pursuant to the Custodian's Delivery Instructions having a Market Value sufficient to cause the Security Value to equal or exceed the Security Amount. If the Seller fails to so deliver such additional Securities, the Custodian shall provide immediate written notice of such failure to the Seller and the Trustee. The Custodian shall provide to the Trustee (or any successor Trustee), the Issuer and the Seller a weekly report of the Market Value of the Purchased Securities held in the Custody Account and a report of such Market Value upon any withdrawal or substitution of Purchased Securities.

6.2. Withdrawals. The Seller may, from time to time, withdraw Purchased Securities held by the Custodian so long as immediately after such withdrawal the Security Value shall be equal to or greater than the Security Amount. In order to withdraw Purchased Securities, the Sellers shall deliver a written notice requesting such withdrawal to the Trustee and the Custodian. Such notice shall state the Purchased Securities to be withdrawn and the date of withdrawal. Upon receipt of such notice, the Custodian shall

deliver the Purchased Securities identified in such notice to the Seller pursuant to the Seller's Delivery Instructions so long as the Security Value after such transfer to the Seller is equal to or greater than the Security Amount.

6.3. Substitutions. The Seller may, from time to time, substitute Substitute Securities for any Purchased Securities. In order to make such substitution the Seller shall deliver a written notice requesting such substitution to the Trustee and the Custodian. Such notice shall state the Purchased Securities being substituted for, the Substitute Securities and the date of substitution. The Seller shall deliver the Substitute Securities to the Custodian pursuant to the Custodian's Delivery Instructions against the transfer by the Custodian of the Purchased Securities being substituted for, to the Seller pursuant to Seller's Delivery Instructions. Such substitution shall occur on the date designated by the Seller so long as the Security Value after such is equal to or greater than the Security Amount. After substitution, the Substitute Securities shall be deemed to be Purchased Securities hereunder.

SECTION 7. SEGREGATION OF PURCHASED SECURITIES AND TRANSFER TITLE

All Purchased Securities in the possession of the Custodian and identified to this Agreement shall be held in the Custody Account segregated from other securities in its possession, free and clear of all liens and encumbrances, except as provided herein, and shall be identified as subject to this Agreement. The Custody Account shall at all times be maintained within the State of Minnesota. Segregation may be accomplished by appropriate identification on the books and records of the holder, including a financial intermediary or a clearing corporation. Title to all the Purchased Securities shall pass to the Trustee on each Purchase Date upon payment of the Purchase Price related thereto to the Seller or other transfer of Purchased Securities to the Custodian pursuant to the terms hereof. Title to the Purchased Securities shall revert to the Seller upon each Repurchase Date, with respect to that portion of such Purchased Securities repurchased on such Repurchase Date, upon receipt of the Repurchase Price for such Purchased Securities by Trustee or upon any other transfer of Purchased Securities to the Seller pursuant to the terms hereof. The Trustee and the Custodian shall be precluded from engaging in repurchase transactions with the Purchased Securities or otherwise pledging or hypothecating the Purchased Securities and, in any event, neither the Trustee nor the Custodian shall be relieved of its obligations to transfer Purchased Securities to the Seller pursuant to the terms hereof, or of the Trustee's or the Custodian's obligation to credit or pay Income to the Seller pursuant to Section 5.

SECTION 8. TRANSFERS OF PURCHASED SECURITIES

8.1. Method of Transfer. All transfers of Purchased Securities made pursuant to this Agreement (a) shall be in suitable form for transfer or shall be accompanied by duly executed instruments of transfer or assignment in blank and such other documentation as the party receiving possession may reasonably request, (b) shall be transferred delivery on the book-entry system of a Federal Reserve Bank or the PTC, as applicable, pursuant to the Required Transfer Actions, or (c) shall be transferred by any other method mutually acceptable to the Seller, the Custodian and the Trustee.

8.2. Required Transfer Actions. For purposes of this Agreement, Required Transfer Actions, to the extent applicable to a Purchased Security, shall be as follows:

(a) *Transfers of Non-GNMA Purchased Securities.* When effecting transfers of Purchased Securities constituting book-entry obligations issued by the United States of America or any agency thereof other than the Government National Mortgage Association described in paragraph (b) of this Section, the Trustee, the Custodian and the Seller covenant that each will

(i) effect such transaction in accordance with applicable federal regulations, and the UCC, directly with the FRB or through a depository institution which is a "depository" as defined in the applicable federal regulations, and not a clearing corporation; (ii) if effected directly with the FRB, such obligations shall be credited to the Custodian's account at the FRB; (iii) if effected through such a depository institution, cause such depository institution (1) to have credited to its account at the FRB such book-entry obligations, (2) to confirm to the Trustee and the Custodian the purchase thereof and (3) by book-entry or other equivalent means, to identify such book-entry obligations as belonging to the Trustee; and (iv) by book-entry, identify such obligations as belonging to the Trustee in a trust capacity under the Agreement.

(b) *Transfers of GNMA Purchased Securities.* Where the Permitted Investment constitutes a security issued by the Government National Mortgage Association which is subject to the control of PTC, the Custodian shall (i) determine (1) if such is a certificated security in the custody of PTC or a custodian bank or a nominee of PTC, that it is in bearer form or endorsed in blank by an appropriate person or registered in the name of PTC or such other entity or (2) if such is not a certificated security, that it is registered in the name of PTC or a custodian bank or a nominee of PTC, (ii) cause appropriate entries to be made on the books of PTC, decreasing the account of the transferor by the amount of such securities and increasing the account of the Custodian maintained at PTC by the amount of such securities and (iii) by book-entry, identify such securities as belonging to the Trustee in a trust capacity under the Agreement.

SECTION 9. REPRESENTATIONS, WARRANTIES AND COVENANTS

9.1. Mutual Representations and Warranties. Each of the Trustee, the Issuer, the Custodian and the Seller represents and warrants to the other that (a) it is duly authorized to enter into this Agreement and the transactions contemplated hereunder; (b) the Person or Persons signing this Agreement on its behalf is duly authorized to act on its behalf; (c) neither its entry into this Agreement nor the consummation of the transactions contemplated hereunder violate or will violate any agreement by which it or its assets are bound; (d) except as contemplated by this Agreement, it has not and will not pledge, hypothecate, grant a security interest in, sell or otherwise encumber the Purchased Securities; and (e) no Act of Insolvency has occurred with respect to it.

9.2. Trustee's Representations, Warranties and Covenants. The Trustee represents, warrants and covenants to the Seller and the Custodian that (a) the Invested Moneys held by the Seller from time to time pursuant to this Agreement shall be derived from funds and accounts established pursuant to the Resolution; and (b) the Trustee is authorized by the Resolution and on instruction of the Issuer to enter into this Agreement and the transactions contemplated hereunder.

9.3. Custodian's Representations, Warranties and Covenants. The Custodian represents, warrants and covenants to the Seller and the Trustee that (a) it is a "Member Bank" of the FRB and covenants that it will maintain a book-entry securities account with the FRB and not through any financial intermediary; (b) it will cause book entries to be made by the FRB with respect to each purchased security transferred to such account with the FRB pursuant to this Agreement in accordance with applicable federal regulations; (c) it is and, at all times relevant hereto, will continue to be a participant in PTC and does and shall, at all times relevant hereto, maintain a securities account with PTC, and shall cause all purchased securities, which are securities issued by the Government National Mortgage Association, to be registered with PTC; (d) it shall only take possession of purchased securities in good

faith; and (e) it shall take delivery and possession of all purchased securities in the ordinary course of its business and without notice or knowledge of adverse claim.

9.4. Seller's Representations, Warranties and Covenants. The Seller represents, warrants and covenants to the Trustee and the Custodian that (a) the Seller will engage in the transactions hereunder as a principal; (b) the Purchased Securities shall be free and clear of all third-party claims except as provided in this Agreement; (c) the Seller shall cause all purchased securities which may be transferred over the Federal Reserve System Wire Transfer System to be transferred over such system to the account maintained by the Custodian with the FRB, or in the case of transfers through a depository as described in Section 8.2(a)(ii) the account of such depository maintained with the FRB, except in the case of securities issued by the Government National Mortgage Association which shall be transferred through PTC to the account maintained by the Trustee with PTC; and (d) the senior unsecured long-term debt obligations of the Seller are currently rated "AAA" by S&P and "Aaa" by Moody's, and the senior unsecured short-term debt obligations of the Seller are currently rated "A-1+" by S&P.

9.5. Survival. All representations and warranties made by the Trustee, the Issuer, the Custodian or the Seller in this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution hereof.

SECTION 10. ROLE OF THE SELLER

It is expressly understood and agreed that in performing its obligations neither the Seller nor any of its directors, officers, employees or agents is acting as a fiduciary or agent of the Trustee, the Custodian, the Issuer or any other party, and neither the Seller nor any of its directors, officers, employees or agents shall be liable or responsible for: (a) the payment of any amounts owing on or with respect to the Bonds; (b) the use or application by the Trustee or the Custodian of any moneys payable to the Trustee or the Custodian hereunder; (c) any acts or omissions of the Trustee under or with respect to the Bonds or the Resolution; (d) the validity or enforceability of the Bonds or the Resolution; or (e) the Trustee's or the Custodian's performance of its obligations under the Bond Documents. Without limiting the foregoing, regardless of whether the Seller has reviewed the Resolution or is generally familiar with the terms of resolutions of a similar type, the Seller shall have no duty to comply with the terms of the Resolution or to ascertain whether the Trustee is in compliance therewith. The Trustee recognizes that the Seller may have other business relationships with the Issuer, the Custodian and with other Persons party to any of the Bond Documents. For purposes of this Agreement, it shall not be necessary for the Seller to segregate or otherwise separately identify or account for the portion of the Invested Moneys held in the various Funds (except for purposes of calculating and paying Interest Payments thereon) and the Seller may aggregate all of the Invested Moneys for accounting purposes. The Custodian shall maintain complete and accurate records identifying the principal amount of the Invested Moneys and amounts accrued but unpaid thereon at the Investment Rate in each of the Funds.

SECTION 11. EVENTS OF DEFAULT

11.1. Seller Event of Default. Upon the occurrence of any of the following events:

(a) the Seller fails to repurchase any Purchased Securities upon the applicable Repurchase Date, and such failure continues for one (1) Business Day following receipt by the Seller of written notice thereof from the Trustee;

(b) the Seller fails to pay any Interest Payment due and owing on any Interest Payment Date as set forth herein, and such failure continues for one (1) Business Day following receipt by the Seller of written notice thereof from the Trustee;

(c) the Seller fails to maintain the Security Value as provided in Section 6.1, and such failure continues for one (1) Business Day following receipt by the Seller of written notice thereof from the Trustee;

(d) an Act of Insolvency occurs with respect to the Seller;

(e) the Seller fails to perform any of its other obligations under this Agreement, and such failure continues for thirty (30) days following receipt by the Seller of written notice thereof from the Trustee or the Custodian;

(f) any representation or warranty of the Seller contained herein proves to have been untrue or misleading when made; or

(g) receipt by the Seller of a written notice from the Trustee as described in Section 2.3(b) declaring an event of default hereunder;

then the Trustee may, at its option, exercise any or all of the following remedies:

(i) Declare an immediate Repurchase Date for all remaining Purchased Securities held in the Custody Account, and the Seller shall be obligated immediately to repurchase all such Purchased Securities at a Repurchase Price equal to the amount of the Invested Moneys then held by the Seller;

(ii) After giving five (5) Business Days' advance notice to the Seller and the Custodian (which notice need not be given in advance if an Act of Insolvency with respect to the Seller shall have occurred), sell any or all Purchased Securities and apply the proceeds thereof to the aggregate unpaid Repurchase Price owing by the Seller. Any such sale shall be in a recognized market conducted in a commercially reasonable manner at such price or prices as the Trustee may reasonably deem satisfactory. The Trustee may, in lieu of so selling all or a portion of such Purchased Securities, elect to give the Seller credit for such Purchased Securities in an amount equal to the prevailing prices therefor in a recognized market against such aggregate unpaid Repurchase Price;

(iii) In connection with the termination of this Agreement following an event of default described above in this Section, the Seller shall, in addition to repurchasing the Purchased Securities as described in paragraph (i) above, reimburse the Trustee for any reasonable out-of-pocket expenses actually incurred by the Trustee in connection with the reinvestment of the Invested Moneys with a reasonably competitive provider of investments of this type whose long-term debt rating is "AA" and "Aa2" or higher by S&P and Moody's pursuant to an agreement substantially the same as this Agreement and shall pay to the Trustee an amount equal to any additional amount which the Trustee must pay to the provider of such substitute investment in order to induce such provider to undertake obligations in connection with such replacement investment which are identical to those of the Seller hereunder;

- (iv) Exercise such other rights or remedies which may be available to it at law or in equity.

11.2. Trustee Event of Default. Upon the occurrence of any of the following events:

(a) the Trustee's failure to instruct the Custodian to transfer the appropriate Purchased Securities on the applicable Repurchase Date, or the Trustee instructs the Custodian not to deliver Purchased Securities to the Seller at times or in the amounts as required herein and such failure continues for or such instructions are not revoked within one (1) Business Day following receipt by the Trustee of written notice thereof from the Seller; or

(b) the Trustee fails to pay or instructs the Custodian not to pay Income to the Seller as required by Section 4, and such failure continues for one (1) Business Day following receipt by the Trustee of written notice thereof from the Seller;

then the Seller may, at its option, exercise any or all of the following remedies:

(i) Require that the Custodian immediately deliver or the Trustee immediately cause to be delivered to the Seller all Income on the Purchased Securities then held by the Custodian;

(ii) Purchase additional Replacement Securities of the same class and amount as the Purchased Securities that were not transferred to it as required hereunder. Such purchases may be made in any recognized market at such prices as the Seller may reasonably deem satisfactory. The Trustee shall be liable to the Seller, but solely from moneys on deposit in the Funds, for any excess of the price paid for such Replacement Securities (which price shall include accrued interest) by the Seller over the Repurchase Price which would have been applicable to the Purchased Securities if properly transferred. The Seller may, in lieu of so purchasing Replacement Securities, be deemed to have purchased Replacement Securities at the price therefor obtained from any recognized market on such date as the Seller may deem reasonably satisfactory; or

(iii) Exercise such other rights or remedies which may be available to it at law or in equity.

In addition, during the continuance of an event of default under this Section 11.2, the Issuer agrees, upon written request of the Seller, to either cause such event of default to be cured or promptly replace the Trustee as permitted under the Resolution.

11.3. Custodian Events of Default and Remedies. Upon the failure of the Custodian to perform any duty or obligation under this Agreement, the Trustee or the Seller may pursue any remedy available at law or in equity against the Custodian, including, without limitation, the termination of the Custodian as custodian hereunder, but neither the Trustee nor the Seller shall have any right to pursue any other remedy described under this Agreement by reason of any default or event of default caused by acts of the Custodian.

SECTION 12. REMEDIES CUMULATIVE; AMENDMENTS

No failure or delay on the part of the Seller, the Custodian or the Trustee in exercising any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such

right or remedy preclude any other right or remedy. The rights and remedies of the Seller, the Custodian and the Trustee hereunder are cumulative and are not exclusive of any rights or remedies provided by law or in any other contract between any of the Trustee, the Custodian and the Seller. None of the terms or provisions of this Agreement may be waived, modified or amended, except in a writing duly signed by the Seller, the Custodian and the Trustee, and all other prior agreements, proposals and understandings with respect to this Agreement are merged herein.

SECTION 13. INTERPRETATION

13.1. Repurchase Agreement. The parties acknowledge that they intend for this Agreement to constitute a "repurchase agreement" which qualifies as such within the meaning of and as used in Sections 101, 559 and other applicable sections of the Bankruptcy Code, and for the Seller and the Trustee to qualify as "repo participants" as that term is defined and used in Sections 101, 559 and other applicable sections of the Bankruptcy Code. Such acknowledgment is the essence of this Agreement.

13.2. Disclosure Relating to Certain Federal Protections. The parties acknowledge that they have been advised that:

(a) if one of the parties is a broker or dealer registered with the SEC under Section 15 of the 1934 Act, the Securities Investor Protection Corporation has taken the position that the provisions of SIPA do not protect the other party with respect to the transactions contemplated hereunder;

(b) if one of the parties is a government securities broker or a government securities dealer registered with the SEC under Section 15c of the 1934 Act, SIPA will not provide protection to the other party with respect to the transactions contemplated hereunder; and

(c) if one of the parties is a financial institution, funds held by the financial institution pursuant to this Agreement are not a deposit and therefore are not insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, as applicable.

13.3. Errors. A party prejudiced by an error or failure in funds or securities transfers shall be compensated by the party committing the error by prompt payment of interest for the lost availability of funds in accordance with the following formula:

$$\text{Interest} = \frac{(\text{amount of funds lost}) (\text{Federal Funds Rate}) (\text{number of days funds lost})}{\text{divided by } 360}$$

In all other respects, transfers and transactions in Purchased Securities shall be governed by prevailing security industry standards, and funds transfers and transactions shall be governed by prevailing banking industry standards.

13.4. Security Interest. Although the parties hereto acknowledge that this Agreement is, and is intended to be, a contract for the sale and repurchase of Purchased Securities, as additional protection to the Trustee and to secure the Seller's obligations under this Agreement, the Seller hereby grants to the Trustee a security interest in and to all of the Seller's right, title and interest in and to the Purchased Securities and all Income thereon, free and clear of all liens, security interests or other encumbrances.

13.5. Section References. References herein to any Section shall be a reference to the corresponding Section of this Agreement unless otherwise provided herein.

SECTION 14. NOTICES

Any notices, demands or other communications to be given by any party under this Agreement shall be given at the address of the other party set forth in Exhibit A hereto and shall be in writing and delivered by personal service, registered or certified mail (postage prepaid and return receipt requested), facsimile transmission, wire, mailgram, telegram, courier service or messenger, except as otherwise provided herein. Notice shall be deemed given only upon actual receipt thereof by the party to whom it is directed. A Person entitled to receive notices hereunder may change the address to which notices are to be sent to it at any time by delivery of written notice of such change to the other Persons entitled to receive notices hereunder.

SECTION 15. NO THIRD PARTY BENEFICIARY

Nothing expressed or implied herein is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto, any right, remedy or claim by reason of this Agreement or any term hereof, and all terms contained herein shall be for the sole and exclusive benefit of the parties hereto or their successors.

SECTION 16. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors, assigns and beneficiaries. Notwithstanding the foregoing, this Agreement shall not be sold, pledged, assigned or otherwise transferred by the Seller, the Custodian or the Trustee without the prior written consent of the other parties hereto; provided, however, that any successor to the Trustee duly appointed as trustee under the Resolution shall be considered a successor-in-interest to the Trustee with respect to this Agreement without the necessity of obtaining the prior written consent of the Seller. The Trustee agrees to give prompt written notice to the Seller and the Custodian of the appointment of any such successor trustee.

SECTION 17. COUNTERPARTS

This Agreement may be executed in several counterparts and as so executed, shall constitute one agreement binding upon all of the parties hereto.

SECTION 18. SEVERABILITY

Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

SECTION 19. APPLICABLE LAW

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CHOICE OF LAW RULES.

SECTION 20. INFORMATION REGARDING THE SELLER

The Trustee and the Issuer each hereby agrees that it will not, nor will it give permission to any other Person to, include in any offering circular, information memorandum or other description of the Bonds, any information relating to the Seller without the Seller's prior written consent. Notwithstanding the foregoing, the Issuer may identify the Seller as provider of this Agreement in the Official Statement related to the Bonds.

SECTION 21. CERTAIN PROHIBITED ACTIONS

The Issuer shall not sell to any third party an instrument granting to the holder thereof any rights relating to the exercise of any call or redemption feature of the Bonds.

SECTION 22. NOTICE TO SELLER OF REFUNDING

The Trustee shall immediately notify the Seller in writing as soon as any action is taken to effect a partial or complete refunding of the Bonds.

SECTION 23. DOWNGRADE

If the rating assigned by Moody's or S&P to the Seller's long-term senior unsecured debt obligations during the term of this Agreement falls below "Aa2" or "AA," respectively, or if the rating assigned by S&P to the Seller's short-term senior unsecured debt obligations during the term of this Agreement falls below "A-1+" then the Seller shall provide written notice thereof to the Trustee within ten (10) Business Days of such occurrence. Following such downgrade, the Seller shall have the right to deliver additional Purchased Securities hereunder having a Market Value which, together with all other Purchased Securities held in the Custody Account is sufficient to maintain the then current rating on the Bonds. If the Seller fails to deliver such additional Purchased Securities, or if the rating on the Bonds is reduced by reason of the Trustee's investment of the Invested Moneys hereunder, the Trustee may (as directed by the Issuer) either (a) continue the investment of the Invested Moneys hereunder, or (b) declare an event of default under Section 11.1(g).

SECTION 24. CONSENT TO JURISDICTION AND VENUE, ETC.

The Trustee, the Custodian and the Seller irrevocably (a) agree that any suit, action or other legal proceeding arising out of or relating to this Agreement may be brought in a court of record in the State of New York or in the Courts of the United States of America located in New York, (b) consent to the jurisdiction of each such court in any such suit, action or proceeding and (c) waive any objection which it may have to the laying of venue of any such suit, action or proceeding in such courts and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The Trustee, the Custodian and the Seller also irrevocably consent to the service of any and all process in any such action or proceeding by mailing of copies of such process to the Trustee, the Custodian or the Seller, as applicable, at its respective address provided in Exhibit A attached hereto. The Trustee, the Custodian, and the Seller agree that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. All mailings under this Section shall be by certified mail, return receipt requested.

SECTION 25. APPOINTMENT AND ROLE OF CUSTODIAN

The Custodian is hereby appointed as the agent of the Trustee and the Issuer to act as custodian for the Purchased Securities. The Custodian hereby accepts such appointment and agrees to act in such capacity hereunder. The Custodian is acting solely as custodian of the Securities as agent for the Trustee and the Issuer hereunder in accordance with the terms hereof. The Custodian is a member bank of the Federal Reserve System. The Custodian shall mark its records to show that all Purchased Securities delivered to it pursuant to this Agreement are held by it as agent for the Trustee. Upon receipt of any such Purchased Securities, the Custodian shall deliver to the Trustee a confirmation as described in Section 336 of the Minnesota Uniform Commercial Code. The Custodian may be removed at any time by written notice from the Trustee and the Issuer (with or without cause). A replacement custodian may be appointed by the Trustee and the Issuer, with the prior written consent of the Seller, which consent shall not be unreasonably withheld. Upon such removal or if for any reason the Custodian ceases to or is unable to act as custodian hereunder, the Custodian shall deliver all Purchased Securities and any Income held by the Custodian to the Trustee or to a successor custodian, as directed by the Trustee. If no successor custodian is so appointed, Trustee shall be custodian hereunder. The reasonable fees and expenses of the Custodian shall be borne by the Seller.

SECTION 26. MONTHLY REPORTS

The Seller shall provide monthly reports to the Trustee, the Custodian and the Issuer, by the fifteenth (15th) day of each month, setting forth, as of the end of the preceding month, the amount of the Invested Moneys held hereunder and all amounts accrued thereon at the Investment Rate which have not yet been paid.

SECTION 27. INDEMNITY

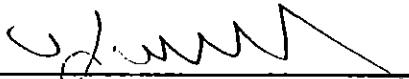
The Trustee hereby agrees, but solely from moneys on deposit in the Funds, to protect, indemnify, pay and hold harmless the Seller and its directors, officers, employees and agents from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses which the Seller or its directors, officers, employees and agents may incur or be subject to as a result of (a) the receipt by the Seller of the Funds, (b) the remittance by the Seller of the Funds and Earnings at the times, in the amounts and to the places specified in or pursuant to this Agreement, (c) any breach by the Trustee, the Custodian, the Issuer or any other party (other than the Seller) of this Agreement and (d) the defense of any legal action (other than actions initiated by the Seller) to challenge the validity of this Agreement. The obligations of the Trustee under this Section shall survive the termination of this Agreement. Notwithstanding anything to the contrary contained in this Section, the Trustee shall not have any obligation to indemnify the Seller in respect of any claim, demand, liability, damage, loss, cost, charge or expense incurred by the Seller arising solely out of the gross negligence or willful misconduct of the Seller.

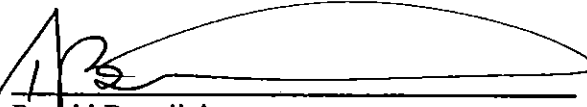
SECTION 28. ROLE OF THE TRUSTEE

The Seller and the Custodian acknowledge and agree that State Street Bank & Trust Company is entering into this Agreement in its capacity as Trustee under the Resolution and not in its individual capacity. In no event shall State Street Bank & Trust Company, or any institution acting as successor trustee, be personally liable for the obligations of the Trustee under this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date and year first written above.

**BAYERISCHE LANDESBANK
GIROZENTRALE**

By 
Bert von Stuelpnagel
Executive Vice President
and Manager

By 
Ronald Bertolini
First Vice President
and Treasury Manager

[Signatures continued on following page]

[Signature page to the Investment Repurchase Agreement]

STATE STREET BANK AND TRUST COMPANY,
as Trustee

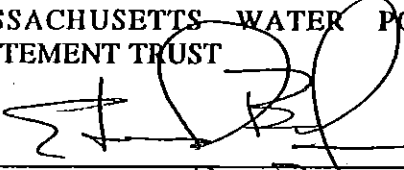
By _____
Name _____
Title _____

NORWEST BANK MINNESOTA, NATIONAL
ASSOCIATION, as Custodian

By 
Name **TIM K. SCHULTZ**
Title **Assistant Vice President**


The undersigned hereby consents to the execution and delivery of this Agreement and, without limiting its rights under this Agreement, agrees to the provisions of Sections 3.6, 9.1 (with respect to the representation of the Issuer therein), 11.2, 20, 21, 22 and 24.

MASSACHUSETTS WATER POLLUTION
ABATEMENT TRUST

By 
Name **EDWARD B. TRAGUE**
Title **EXECUTIVE DIRECTOR**

[Signature page to the Investment Repurchase Agreement]

STATE STREET BANK AND TRUST COMPANY,
as Trustee

By 
Name PATRICK E. THERIAULT
Title ASSISTANT VICE PRESIDENT

NORWEST BANK MINNESOTA, NATIONAL
ASSOCIATION, as Custodian

By _____
Name _____
Title _____

The undersigned hereby consents to the execution and delivery of this Agreement and, without limiting its rights under this Agreement, agrees to the provisions of Sections 3.6, 9.1 (with respect to the representation of the Issuer therein), 11.2, 20, 21, 22 and 24.

MASSACHUSETTS WATER POLLUTION
ABATEMENT TRUST

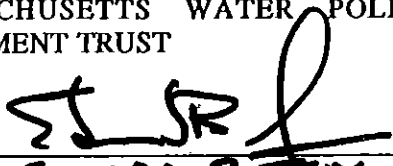
By 
Name EDWARD B. TEAGUE
Title EXECUTIVE DIRECTOR

EXHIBIT A

Seller's Address: Bayerische Landesbank Girozentrale
560 Lexington Avenue
New York, NY 10022
Attention: Ms. Elizabeth Roman
Telephone No.: (212) 310-9891
Telecopy No.: (212) 310-9870

Seller's Wire Instructions: Account: The Chase Manhattan Bank
ABA #: 021-000-021
Account #: 544-7-07960
Account: Bayerische LandesBank GZ, New York Branch
Ref.: Massachusetts Water Pollution Abatement Trust, Series 3

Seller's Delivery Instructions: Chase NYC/GEO CUST/Bayerische Landesbank New York
Account #: BS 8538-07
ABA #: 021-000-021
Ref.: Massachusetts Water Pollution Abatement Trust, Series 3

Trustee's Address: State Street Bank and Trust Company
Corporate Trust Company
Two International Place
Boston, MA 02110
Attention: Mr. Patrick Thebado, Assistant Vice President
Telephone No.: (617) 664-5518
Telecopy No.: (617) 664-5371

Trustee's Wire Instructions: State Street Bank and Trust Company
ABA #: 011-000-028
Corporate Trust Department
A/C #: 9903-943-0
Ref.: MWPAT - Pool III

Custodian's Address: Norwest Bank Minnesota, National Association
10th Floor
Sixth and Marquette
Minneapolis, MN 55479-0065
Attention: Mr. Scott Rice
Master Trust and Custody
Telephone No.: (612) 667-6647
Telecopy No.: (612) 667-6075

**Custodian's Delivery
Instructions:**

Minneapolis Federal Reserve
NW Mpls/Trust
ABA #: 091-000-019
Account #: 1818-7 Trust Clearing
Compass Acct #: 131-233-46
Ref.: Massachusetts Water Pollution Abatement, Series 3

Issuer's Address:

Massachusetts Water Pollution Abatement Trust
12th Floor
One Ashburton Place
Attention: Mr. Edward B. Teague, Executive Director
Telephone No.: (617) 367-3900
Telecopy No.: (617) 227-1773

Name of Bonds:

\$136,740,000 Massachusetts Water Pollution Abatement Trust Pool Loan
Program Bonds, Series 3

CUSIP Nos.:

Please see Exhibit F

Fund:

Project Fund

**Initial Principal
Amount:**

\$2,497,584.00

Investment Rate:

7.00% per annum

Compounding Dates:

Earnings shall be reinvested in the Float Fund on the last Business Day
of each month, commencing April, 1997.

**Investment Rate
Calculation Basis:**

A 360-day year consisting of twelve 30-day months.

Scheduled Repurchase Dates:

None. See Exhibit D for Anticipated Repurchase Schedule.

Final Repurchase Date:

September 1, 1998, at which time the amount of Invested Moneys
allocated to the Project Fund shall be transferred to the Debt Service
Reserve Fund

Fund:

**Debt Service Reserve Fund (including the Pool Program Reserve
Fund and the Deficiency Fund under the Program Resolution)**

**Initial Principal
Amount:**

\$52,487,151.70

Investment Rate:

7.00% per annum

Compounding Dates: Earnings shall be reinvested in the Float Fund on the last Business Day of each month, commencing April, 1997.

Investment Rate
Calculation Basis: A 360-day year consisting of twelve 30-day months.

Scheduled Repurchase Dates: See Exhibit E.

Final Repurchase Date: The last Business Day prior to February 1, 2017

Fund: **Float Fund (including the Revenue Fund, Debt Service Fund, and Redemption Fund)**

Initial Principal
Amount: \$0.00

Investment Rate: 7.00% per annum

Interest Payment Dates: One (1) Business Day immediately prior to each February 1 and August 1, commencing August 1, 1997.

Compounding Dates: Earnings shall be reinvested in the Float Fund on the last Business Day of each month, commencing April, 1997.

Investment Rate
Calculation Basis: A 360-day year consisting of twelve 30-day months.

Scheduled Repurchase Dates: None.

Final Repurchase Date: February 1, 2017

EXHIBIT B

<u>Permitted Investments</u>	<u>Security Ratio</u>
1. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) with a remaining term to maturity of fifteen (15) years or less.	120%
2. Certificates of the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation.	135%
3. Certificates of the Government National Mortgage Association.	125%
4. Cash	100%

EXHIBIT C

DEMAND FOR REPURCHASE

[DATE]

Bayerische Landesbank Girozentrale
New York Branch
560 Lexington Avenue
New York, NY 10022

Attention: Ms. Elizabeth Roman

Dear Ms. Roman:

Pursuant to Section 3.1 of the Investment Repurchase Agreement (the "Agreement") dated as of April 29, 1997, by and among State Street Bank and Trust Company, as Trustee, Norwest Bank Minnesota, National Association, as Custodian and Bayerische Landesbank Girozentrale, acting through its New York Branch (the "Seller"), demand is hereby made that the Seller repurchase Purchased Securities (which shall have a Market Value equal to the Repurchase Price multiplied by the Security Ratio) on [REPURCHASE DATE] for the Repurchase Price of \$_____, which amount is not greater than the amount of the Invested Moneys held by the Seller pursuant to the Agreement.

The Repurchase Price shall be paid by the Seller from the Invested Moneys allocated to the following Funds in the following amounts [SPECIFY FUND AND AMOUNT FROM WHICH REPURCHASE PRICE IS TO BE PAID].

Fund

Amount

The purpose for which this repurchase is requested is [SPECIFY PURPOSE], which purpose is permitted under the Resolution and the Agreement. The Repurchase Price paid by the Seller shall be used for the foregoing purpose and shall not be used for reinvestment purposes.

This demand is made in accordance with the provisions of the Agreement. Capitalized terms used herein shall have the meanings given to such terms in the Agreement.

Sincerely,

STATE STREET BANK AND TRUST COMPANY,
as Trustee

By _____
Name _____
Title _____

cc: Norwest Bank Minnesota, National Association

EXHIBIT D
ANTICIPATED REPURCHASE SCHEDULE
FOR PROJECT FUND

<u>Date</u>	<u>Amount</u>
September 1, 1998	\$2,497,584

EXHIBIT E

REPURCHASE SCHEDULE DEBT SERVICE RESERVE FUND

Repurchase Dates

The last Business Day preceding each of the following dates:

Repurchase Prices

The Repurchase Price for each Repurchase Date shall be the lesser of the Invested Moneys credited to the Debt Service Reserve Fund and the following amount:

February 1, 1998	\$2,604,500.00
February 1, 1999	2,984,200.00
February 1, 2000	3,181,500.00
February 1, 2001	3,243,600.00
February 1, 2002	3,315,800.00
February 1, 2003	3,390,400.00
February 1, 2004	3,467,600.00
February 1, 2005	3,547,100.00
February 1, 2006	3,404,200.00
February 1, 2007	3,516,000.00
February 1, 2008	3,292,900.00
February 1, 2009	3,379,900.00
February 1, 2010	3,466,800.00
February 1, 2011	3,561,200.00
February 1, 2012	3,660,600.00
February 1, 2013	3,390,000.00
February 1, 2014	<u>1,578,435.70</u>
	\$ 54,984,735.70

KUTAK ROCK
A PARTNERSHIP
INCLUDING PROFESSIONAL CORPORATIONS
SUITE 2100
225 PEACHTREE STREET, N.E.
ATLANTA, GEORGIA 30303-1731
404-222-4600
FACSIMILE 404-222-4654
<http://www.kutakrock.com>

DENVER
KANSAS CITY
LITTLE ROCK
NEW YORK
NEWPORT BEACH
OKLAHOMA CITY
OMAHA
PHOENIX
PITTSBURGH
WASHINGTON

April 29, 1997

State Street Bank and Trust Company,
as Trustee
Boston, MA

Norwest Bank Minnesota, National
Association, as Custodian
Minneapolis, MN

Massachusetts Water Pollution
Abatement Trust
Boston, MA

\$136,740,000
Massachusetts Water Pollution Abatement Trust
Pool Loan Program Bonds
Series 3

Ladies and Gentlemen:

We have served as counsel to Bayerische Landesbank Girozentrale, acting through its New York Branch (the "Bank"), for purposes of reviewing the Investment Repurchase Agreement dated as of April 29, 1997 (the "Agreement") by and among State Street Bank and Trust Company, as trustee, Norwest Bank Minnesota, National Association, as custodian and the Bank respecting the investment of certain proceeds of the above-captioned bonds.

In connection with the rendering of this opinion, we have examined the Agreement and such other documents, records and instruments as we have deemed necessary in connection with the rendering of this opinion. In such examination we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies.

Based upon the foregoing, we are of the following opinions:

1. The Bank is qualified to do business and is in good standing under the laws of the United States of America and the State of New York.

KUTAK ROCK

State Street Bank and Trust Company,
as Trustee
Norwest Bank Minnesota, National
Association, as Custodian
Massachusetts Water Pollution
Abatement Trust
April 25, 1997
Page 2

2. The Agreement has been duly authorized by all necessary corporate action on the part of the Bank and is an obligation which the Bank is permitted to undertake under the laws of the United States of America and the laws of the State of New York.

3. The Agreement has been duly executed and delivered by the Bank and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of the Bank, enforceable against the Bank in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws affecting the enforcement of creditors' rights in general and (b) general principles of equity, including, but not limited to, the availability of certain equitable remedies.

We express no opinion with respect to the effect of laws, other than the laws and regulations of the State of New York and the federal law of the United States of America in full force and effect on the date hereof, upon the validity and binding effect of the Agreement or upon any other matter set forth in this opinion. In addition, we have assumed that the Agreement constitutes a valid and binding obligation of Bayerische Landesbank Girozentrale under the laws of Germany. We express no opinion as to the availability of equitable remedies to persons seeking to enforce the obligations of the Bank under the Agreement.

This opinion may be relied upon by Moody's Investors Service or Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., to the extent either assigns investment ratings to the Bonds, as if this opinion were addressed to them.

This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters expressly so stated. This opinion is delivered to you, and any rating agency referenced in the preceding paragraph, in connection with the above-referenced transaction and may not be utilized or quoted by you, or such rating agency, for any other purpose whatsoever or delivered to any other person without our prior written consent.

Very truly yours,

Kutak Rock

KUTAK ROCK

State Street Bank and Trust Company
as Trustee
Boston, MA

Norwest Bank Minnesota, National
Association, as Custodian
Minneapolis, MN

Massachusetts Water Pollution
Abatement Trust
Boston, MA

Munich, April 29, 1997

Ladies and Gentlemen,

I am legal counsel to Bayerische Landesbank Girozentrale (the "Bank") acting through its New York Branch (the "Branch") in connection with the execution and delivery of the Investment Repurchase Agreement dated as of April 29, 1997 (the "Agreement") by and among the Bank, as seller, Norwest Bank Minnesota, National Association, as custodian and State Street Bank and Trust Company, as buyer in its capacity as trustee (the "Trustee"), for the Massachusetts Water Pollution Abatement Trust (the "Issuer").

I have made such factual investigations in respect of the Bank as I have deemed necessary for the purpose of giving this opinion. I have assumed for the purpose of my opinion hereinafter expressed that the Agreement will constitute the legal, valid and binding obligations of the Bank under the law of the State of New York and United States Federal law, enforceable against the Bank in accordance with the law of the State of New York and United States Federal law. No opinion is expressed herein as to any matters governed by any laws other than the laws of the Federal Republic of Germany and the Free State of Bavaria.

Based on the foregoing, I am of the opinion that:

1. The Bank is a bank duly organized and existing under the laws of the Federal Republic of Germany and the Free State of Bavaria.
2. The Bank has the corporate power and authority to execute, deliver and perform its obligations under the Agreement.
3. No authorizations, approvals or consents from any governmental authorities in the Federal Republic of Germany and the Free State of Bavaria are required in connection with the execution, delivery and performance by the Bank of the Agreement which have not been obtained.

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Girozentrale
80277 München
(= Briefadresse)

Brienner Straße 20
80333 München
(= Paketadresse)

Telefon:
Zentrale
(089) 21 71-01

Telefax:
Zentrale



4. A final and conclusive judgment in any Federal court of the United States and any court of the State of New York in respect of any suit, action or proceeding, arising out of or relating to the Agreement, wherein process has been effectively served on the Branch, would be given conclusive effect by the appropriate courts of the Federal Republic of Germany or the Free State of Bavaria without reexamination of the substantive matters thereby adjudicated; provided, however, that the requirements of Article 328 of the German Code of Civil Procedure are met, in particular that recognition of the judgment is not contrary to the public policy of the Federal Republic of Germany or the Free State of Bavaria, as applicable, and is not unconscionable, and reciprocity exists between the relevant jurisdiction and the Federal Republic of Germany or the Free State of Bavaria, as applicable, with respect to the recognition of the final judgments of the courts of the Federal Republic of Germany or the Free State of Bavaria, as applicable. I know of no reason why recognition of such judgments would be deemed or held to be either contrary to the public policy of the Federal Republic of Germany or and the Free State of Bavaria or unconscionable. Further, it is my understanding that reciprocity for the recognition of judgments currently exists between the Federal Republic of Germany, the Free State of Bavaria and the State of New York, but I must point out that such reciprocity might cease to exist at any time.
5. The execution, delivery and performance of the Agreement has been duly authorized by all necessary action on the part of the Bank and, upon execution thereof by two officers of the Branch and upon due execution and delivery by the other parties thereto, will constitute the legally valid and binding obligations of the Bank enforceable against the Bank in accordance with their terms, except (i) as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to, or affecting generally, the enforcement of creditors' rights or a moratorium applicable to the Bank, and (ii) that no opinion is expressed as to the availability of equitable remedies to any person seeking to enforce the Agreement. The obligation of the Bank to make payments under the Agreement ranks *pari passu* with the obligations of the Bank to its other depositors and to its other unsecured and unsubordinated creditors.
6. Under the laws of the Federal Republic of Germany and the Free State of Bavaria, the Trustee has the right to commence a direct action against the Bank in any court in Germany having jurisdiction over the Bank based on nonpayment by the Branch of amounts due under the Agreement.

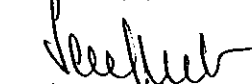
7. The choice by the parties to the Agreement of the law of the State of New York, United States of America, as governing law is legal, valid and binding under the laws of the Federal Republic of Germany and the Free State of Bavaria, except that the authorization of the Agreement by the Bank may be governed by the laws of the Federal Republic of Germany and the Free State of Bavaria.
8. Under the laws of the Federal Republic of Germany and the Free State of Bavaria, the Bank has the power to submit, and the Branch (on behalf of the Bank) has validly and irrevocably submitted, to the jurisdiction of the State of New York and the United States Federal Courts in the State of New York, with respect to any action arising out of or based on the Agreement or any judgment properly entered by any court in respect thereof.
9. German courts, if requested, may express a judgment in United States Dollars in respect of any action in connection with a debt in United States Dollars under the Agreement. However, if a judgment awarded by a German court were to be expressed in German Marks, it would normally be expressed by reference to the exchange value of the relevant amount of United States Dollars at the rate of exchange prevailing on the effective date of payment.

Kutak Rock, special legal counsel to the New York Branch of the Bank, and Moody's Investors Service or Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., to the extent that either assigns investment ratings to the Bonds referenced in the Agreement, may rely upon this opinion as if it were addressed to them.

This opinion is limited to the matters expressly set forth above and no opinion is implied or may be inferred beyond the matters expressly so stated. This opinion is delivered to you in connection with the above-referenced transaction and may not be utilized or quoted by you for any other purpose whatsoever or delivered to any other person without my prior written consent.

This opinion is rendered to you and may not, without my written consent, be used or relied upon by you in any other capacity or by any other person, except as provided above, for any purpose whatsoever.

Very truly yours,


Ulrike Seuffert
Legal Advisor